


## **COMMITTEE OF THE WHOLE**

**Room 104 – City Hall  
January 26, 2004  
4:15 P.M.**

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1. Park Department Update for 2004/Roy Sutherland
  
- 1-6 2. Recommendation to Amend Pawn Brokers Ordinance (attachment)
  
  
  
  
  
  
  
  
  
  
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# Memo

**To:** Mayor and City Council  
**From:** Stevan E. Kvenvold   
**Date:** January 21, 2004  
**Subject:** Request to Amend Pawn Broker Ordinance

In 2002, the City Council authorized the Police Department to enroll in the Automated Pawn System (APS). The APS facilitates the electronic collection, maintenance and sharing of pawn shop transactions among various jurisdictions. Pawn shops are required to submit transaction data on a daily basis.

When the Council authorized the participation in the APS, the Council declined to establish a fee for using the system, placing the transaction costs on the City organization. In 2003, the cost of using the APS was \$17,518.

The City staff is recommending that the pawn broker ordinance be amended to establish a fee of \$1.50 per pawn transaction. This fee, if enacted, would cover the City's cost of using the APS and reimburse a portion of the employee expenses involved in monitoring pawnshop operations. It would transfer the financial expenses involved from such monitoring from the general public to the pawnshop user.



# ROCHESTER

— Minnesota —



January 20, 2004

*Copy also sent to  
National Pawn Co. of Ind.  
530 So. Phillips Ave.  
Sioux Falls, S.D.*

Pawn America Minnesota LLC  
181 River Ridge Circle So.  
Burnsville MN 55337

STEVAN E. KVENVOLD  
City Administrator  
City Administrator's Office  
201 4th Street SE, Room 266  
Rochester, MN 55904-3781  
(507) 285-8082  
FAX #(507) 287-7979

Dear Madam or Sir:

In January of 2002, the Rochester City Council authorized the Police Department to enroll in the Automated Pawn System (APS), but chose not to offset the cost by establishing a billable transaction fee that would be paid by the pawnbrokers.

The City staff will be recommending to the Mayor and City Council that the pawnbroker ordinance be amended to establish a fee of \$1.50 per transaction to be charged to the pawnbrokers.

The Mayor and City Council will consider this recommendation at their committee meeting Monday, January 26, 2004, at 4:15 p.m. in Room 104, City Hall. You may attend this meeting to provide your input on this recommendation or you may provide your written or e-mail comments to me and I will submit them to the Mayor and City Council.

Attached for your information is a memo from the Police Department regarding this subject.

Sincerely,

Stevan E. Kvenvold  
City Administrator  
[skvenvold@ci.rochester.mn.us](mailto:skvenvold@ci.rochester.mn.us)

c: Mayor and City Council  
R. Peterson  
T. Adkins

# MEMORANDUM

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## **Rochester Police Department Administration**

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DATE: January 12, 2004

TO: Chief Peterson

FROM: Sarah Clayton – Administrative Services Manager

SUBJECT: Pawnbroker Ordinance and APS

Most of the 128 pawnshops in Minnesota are regulated and required to report all business transactions daily to their local law enforcement agency. The APS (Automated Pawn System) was developed and implemented by the City of Minneapolis in 1997 to facilitate the electronic collection, maintenance, and sharing of pawn shop transaction information among multiple jurisdictions. The system allows law enforcement agencies to share pawn information electronically and increases the recovery of stolen property. The system also allows for the regulation of the pawn industry. Currently there are over 70 jurisdictions/agencies using APS.

In January of 2002, the Police Department requested approval from the City Council to enroll into the APS service and further requested that the Council adopt a proposed revision to the pawnbroker ordinance which would provide for a mechanism in which to offset the costs by establishing a billable transaction fee to be paid by the pawnbrokers for each pawn transaction submitted to APS. The City of Minneapolis currently charges the City of Rochester Police Department \$1.00 for each transaction. At the time the Department was recommending to the Council that a billable transaction fee of \$1.50 per transaction be charged to the pawnbrokers. After considerable discussion, the Council approved the Police Department's enrollment into the APS service but chose not to offset the costs by establishing a billable transaction fee that would be paid by pawnbrokers. Between January 2003 and November 2003, the cost to the City has been \$17,518.

The decision not to offset the costs and establish billable transaction fees breaks with the overwhelming majority of jurisdictions that have implemented these fees. The only jurisdiction that has chosen not to establish billable transaction fees is the City of Blaine. The City of Blaine did choose to offset their costs, however, by establishing a \$15,000 annual license fee. The City of Rochester stands alone in its decision not to pass the cost of regulating the pawn industry on to the pawnbrokers.

Back in 2002, the Police Department explored doing business with the Leadsonline database search firm which offered a national product similar to APS. The Department has not moved forward with Leadsonline due to significant concerns over privacy protections, security protections, and the liability language in the Leadsonline contract. Additionally, the Department is concerned over the lack of control the Department would have with the manner in which Leadsonline would use the information stored in its database.

The APS has worked well and the information shared among law enforcement agencies has been beneficial. APS has been a proven source of critical intelligence for law enforcement and contains over 1.5 million pawn items in its database system. The Department asks that the matter of establishing billable transaction fees be reevaluated in an attempt to offset the costs of regulating the pawn industry.

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CHAPTER 111A. PAWNBROKERS

Subd. 2. Digitized Photographs. Effective 60 days from the date of notification by the police department inspector, but no sooner than July 1, 1996, Class A licensees must, and Class B licensees may, fulfill the color photograph requirements by submitted them as digital images, in a format specified by the issuing authority, electronically cross-referenced to the reportable transaction they are associated with. Notwithstanding the digital images may be captured from required video recordings, this provision does not alter or amend the requirements in Subd. 1 H of this section.

Subd. 3. Renewals, Extensions, and Redemptions. For renewals, extensions and redemptions, the licensee shall provide the original transaction identifier, the date of the current transaction, and the type of transaction.

Subd. 4. Inspection of Records. The records must at all reasonable times be open to inspection by the police department or City Clerk. Data entries shall be retained for at least three years from the date of transaction. Entries of required digital images shall be retained a minimum of 90 days.

111A.020. Daily Reports to Police. Subdivision 1. Licensees must provide to the police department the information required in Section 111A.019, subd. 1, in writing and on forms approved by the police department. The information must be provided to the police department on the first business day following the date of the transaction. The licensee must display a sign of sufficient size, and in a conspicuous place in the premises, so as to inform all patrons that all transactions are reported to the police department daily. Effective 60 days after the police department provides licensees with the APS Automated Pawn System file interchange specification, licensees must submit every reportable transaction to the police department as provided in this section.

Subd. 2. Class A licensees must, and Class B licensees may, provide to the police department the information required in Section 111A.019, subd. 1, by transferring it from licensee's computer to the police department through the use of the Automated Pawn System. All required records must be transmitted completely and accurately after the close of business each day in accordance with standards and procedures established by the issuing authority using a dial-callback protocol or other procedures that address security concerns of the licensees and the issuing authority. The licensee must display a sign of sufficient size, in a conspicuous place in the premises, which informs all patrons that all transactions are reported to the police department daily.

Subd. 3. Class B licensees who do not fulfill requirements of Section 111A.020, Subd. 1, must provide to the police department the information required in Section 111A.019, subd. 1, in writing, on forms approved by the police department, by 12:00 noon the first day of business following the date of the transaction. The licensee must display a sign of sufficient size, in a conspicuous plate in the premises, which informs all patrons that all transactions are reported to the police department daily.


Subd. 4. If a Class A licensee, or a Class B licensee who has consistently reported via modem, is unable to successfully transfer the required reports by modem, the licensee must provide the police department printed copies of all reportable transactions, along with the videotape(s) for that date, by 12:00 the next business day. If the problem is determined to be in the licensee's system and is not corrected by the close of the first business day following the failure, the licensee must provide the required reports as detailed in Section 111A.020(B)(1). If the problem is determined to be outside the licensee's system, the licensee must provide the required reports as detailed in 111A.020(B)(1). If a Class A licensee, or a Class B licensee who has consistently reported via modem, is unable to capture, digitize, or transmit the photographs required in Section 111A.019, subd. 1(H) and (I), and subd. 2, the licensee must immediately take all required photographs with a still camera, immediately develop the pictures, cross-reference the photographs to the correct transaction, and deliver them to the police department by 12:00 noon the next business day.

111A.021. Receipt Required. Every licensee must provide a receipt to the party identified in every reportable transaction and must maintain a duplicate of that receipt for three years. The receipt must include at least the following information:

- A. The name, address, and telephone number of the licensed business.
- B. The date and time the item was received by the licensee.
- C. Whether the item was pawned or sold, or the nature of the transaction.
- D. An accurate description of each item received, including but not limited to any trademark, identification number, serial number, model number, brand name, or other identifying mark on such an item.
- E. The signature or unique identifier of the licensee or employee that conducted the transaction.
- F. The amount advanced or paid.
- G. The monthly and annual interest rates, including all pawn fees and charges.



# Memo

**To:** Mayor and City Council  
**From:** Stevan E. Kvenvold   
**Date:** January 23, 2004  
**Subject:** Water Reclamation Plant Expansion Design Recommendations

Representatives of CH2M Hill will be present at the 1/26/04 COW meeting to review their preliminary design work for the WRP expansion project and to present their recommendations for the final design components of the expansion project, including cost estimates.

CH2M Hill will be seeking authorization from the Mayor/Council to proceed with the final design of the expansion project.

The design schedule formulated by the Public Works staff is very aggressive; it anticipates the completion of the final design and start of construction in 2004 in order to avoid a possible State imposed moratorium on sewer extension projects if the capacity of the current plant is exceeded in the next couple of years.

I do understand that the current plant needs to be expanded in order to provide for the continued growth of the area and the necessity of attempting to avoid a moratorium on new construction, however, I am not comfortable with the decision schedule.

The WRP expansion project will have a significant financial impact on the current users of the Sewer Utility and possible sewer connection charges for new developments will need to be increased substantially. The proposed decision schedule will not allow much time for the Council to consider the impacts of their decisions or to receive input from the affected citizens and businesses. The major WRP expansion project which occurred in the early 1980's did not have a significant impact on rate payers and developers since the majority of the expansion costs were paid for by State and Federal grants. These grants are no longer available, leaving all such expenses the responsibility of local citizens and businesses.

The consulting firm of Brown and Caldwell has prepared some material on possible rate increases needed to pay for the expansion costs, however, this material has not yet been submitted to the City's financial consultant, Springsted, for their review and recommendations. It is anticipated that their input will be available to the Council in the next two to three weeks.



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I view that the Mayor/Council needs to address the following:

1. Is the Mayor/Council comfortable with the proposed decision schedule (see attached memo from Richard Freese)? If construction is to start such that footings and foundations can be completed in 2004, the schedule will need to be followed as closely as possible. If construction does not start until 2005, the plant start up will be delayed 6 months and the City could be faced with a new construction moratorium sometime before an expansion project is completed. Is the Mayor/Council willing to run this risk and allow more time to consider their decisions?
2. The Mayor/Council will need to determine if they are satisfied with the design recommendations presented by CH2M Hill or if they want additional information on other possible alternatives.
3. The Mayor/Council will need to determine if they will authorize CH2M Hill to proceed with the final design as presented by them. If the proposed schedule is to be maintained, authorization for final design should proceed at this time.

There is not any question that the WRP needs to be expanded in some fashion in order to accommodate the continued growth of the community, however, the Mayor/Council should be comfortable with the final design recommendation before authorizing the final design to proceed.

The design expenses are approximately \$4.2 million and accumulate at a rate of approximately \$800,000 per month.



# Memo

To: Mayor and City Councilmembers  
From: Richard W. Freese  
CC: Stevan Kvenvold, Lyle Zimmerman  
Date: 1/22/2004  
Re: Water Reclamation Plant Expansion Schedule

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**PURPOSE:** The purpose of this memorandum to advise the Mayor and the City Council of the progress achieved to date relative to the expansion of the City's Water Reclamation Plant (WRP), the significant tasks and effort remaining to be completed and the importance of maintaining an aggressive, but achievable schedule for the WRP expansion project. A Committee of the Whole or Special Council Meeting discussion of the WRP Expansion and Upgrade/Replacement Projects is scheduled for 1/26/04.

**BACKGROUND:** The Water Reclamation Plant (WRP) is approaching its design capacity and because of the continuing growth in the City an expansion of the plant will be required during the next three years. During the months of October and November 2003 the WRP experienced organic loadings (BOD) in excess of the plant's rated maximum month capacity. Through careful operational attention and control the staff was able to produce an effluent that meet National Pollution Discharge Elimination System (NPDES) Permit Limits. No Permit violations occurred in either of these two months. Loadings for the month of December 2003 have returned to seasonal norms. With the continued growth in the production of Rochester's manufacturing facilities and the unprecedented residential housing growth in Rochester, the daily and monthly wastewater flows and loads to the WRP have increased to near rated plant treatment levels.

Steady progress has been achieved over the past 6 months relative to initiating critical work items necessary before the City can begin the construction of the additional treatment capacity at the WRP. To date the following work tasks have been undertaken:

- Submit application to MPCA for renewal of WRP NPDES Permit
- Workshop to develop immediate capacity alternatives
- Refine and calibrate for City approved design conditions
- Perform process modeling to support recommended plant expansion components
- Workshop to define nutrient removal objectives
- Workshop to select viable liquid process alternatives
- Develop viable liquid treatment alternatives for review and selection
- Workshop to select liquid treatment alternative

- Develop selected liquid treatment process alternative
- Develop selected solids handling improvements
- Prepare WRP Site Master Plan
- Evaluate existing facilities and equipment
- Evaluate existing high purity oxygen (HPO) plant equipment
- Conduct Value Engineering Study
- Prepare Environmental Assessment Worksheet for WRP expansion
- Negotiate new NPDES Permit limits for expanded WRP facility

An application for the renewal of the WRP's NPDES permit has been submitted to the Minnesota Pollution Control Agency and requirements of the permit are currently being negotiated. The Permit Application includes information regarding projected growth of the City and the need for an expansion of the WRP from its current capacity of 18.5 MGD (million gallons per day) to 25.5 MGD (2025 capacity) and planning for a future 40.0 MGD plant (2055 capacity).

A Site Master Plan has been completed that will facilitate additional modular expansion of the plant to an ultimate liquid treatment capacity of 60 MGD to serve an estimated population of 300,000.

The preparation of an Environmental Assessment Worksheet (EAW) for the expansion of the WRP and the trunk sewer extension to serve Hadley Valley, Kings Run, and the Northwest Territory sewer service areas is underway and scheduled to be out for public comment in April 2004.

The City Council approved proposed new NPDES Permit limits for the WRP expansion at the 11/17/03 Council Meeting. A public notice and comment period is required for the new permit. This will occur in the Spring of 2004.

**REMAINING MAJOR WRP DESIGN TASKS:** Public Works staff and the WRP Expansion Project consultants have prepared the attached Project Schedule.

Please note that the new permit limits do not impact the design details for the proposed WRP Expansion or Upgrades/Replacements Projects. Beginning the final design of the WRP Expansion or Upgrades/Replacements Projects at this time does not put the City at risk for future redesign costs if the permit limits are changed through the public comment process.

Also please note that in order for this schedule to be met, the City Council Authorization to proceed with Final Design is needed by 1/27/04. Geotechnical Investigation (Task Order No. 2) and Initial Final Design (Task Order No. 3) will need to be completed in the next 6 weeks prior to 1/27/04 to maintain this schedule.

Design Task Order No. 2 involves site survey and fieldwork, soil and rock borings, laboratory analysis of the soil and rock samples and preparation of technical reports used as the basis for the design of the footings and foundations for the new facilities. Estimated costs for this Task

shall not exceed \$78,000. Council approval of this Task Order will be sought at the 12/15/03 Council Meeting.

Design Task Order No. 3 involves initial structure design based on the Geotechnical Investigation, developing initial HVAC design guidelines and criteria, development of initial mechanical systems design guidelines, preparation of initial process instrumentation and control drawings, develop architectural schematic drawings for building roof and wall systems, update plant hydraulics based on implementation of Value Engineering recommendations. Estimated costs for this Task shall not exceed \$265,000. Council approval of this Task Order will be sought at the 12/15/03 Council Meeting.

Design Task Order No. 4 will involve the preparation of a Final Bid Package for a Site Preparation Contract. The intent is to initiate an "early start" bid package for the major site excavation of soil and rock to facilitate a September 2004 start by the Plant Expansion Contractor. Alternatively, if the Site Preparation Contract work is included in the Plant Expansion Contract the 2 months necessary for site excavation would not begin until September 2004 and would conclude in November 2004; too late in the construction season to begin construction of below grade concrete structures associated with the WRP expansion. A good portion of the next 4-5 months (December 2004-April 2005) would be lost to the project schedule. Work scope will include site clearing, site excavation to an elevation that would remove 90 plus percent of all the necessary soil and rock excavation and disposal of a significant portion of the excavated material off-site. The final scope and level of effort for this professional services agreement for Task 4 has not been finalized at this time. It will be presented to the City Council on 1/26/04.

Design Task Order No. 5 will involve the Final Design of the Council directed WRP Expansion Project components. This Task will involve an extensive design effort by CH2MHill to produce bid plans and specifications in a 5-month period (February-June 2004) that define the final detailed site excavation, construction of all WRP expansion (10-year planning period) improvements (estimated \$44M) and site restoration, including paving and landscaping. Plant expansion components are those needed improvements identified for the sole purpose of treating projected wastewater quantities that exceed the treatment capacity of the current WRP. The final scope and level of effort for this professional services agreement for Task 5 has not been finalized at this time. It will be presented to the City Council on 1/26/04.

Design Task Order No. 6 will involve the Final Design of the Council directed WRP Upgrade/Replacement Project components (estimated \$25M). This Task will involve an extensive design effort by CH2MHill to produce bid plans and specifications that define the facility improvements that will be required to serve the current service population and existing industrial flow with the expectation that there would be no increase in wastewater quantities from what is currently being treated. In other words, improvements needed to the WRP that would be required regardless of growth or expansion. The final scope and level of effort for this professional services agreement for Task 6 has not been finalized at this time. It will be presented to the City Council on 1/26/04.

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**SEWER UTILITY RATE STUDY:** In October 1997 the City Council received a report on the results of the sewer rate study conducted by Brown and Caldwell. Subsequently the City Council adopted a Resolution that established sewer rates for the period 1998-2002. The enacted sewer rate increase provided a moderate, yet uniform revenue increase of 2.5% per year over the 5-year period. On June 17, 2003 the City Council approved a Resolution increasing the Sewer Utility Rates by 2.5% for 2003. No Sewer Utility Rate increase is in place for 2004. A sewer service charge system is established by City Ordinance whereby revenue will be collected from the users of the wastewater facilities to pay the cost incurred by the city for administration, operation and maintenance, replacement and debt service of such facilities.

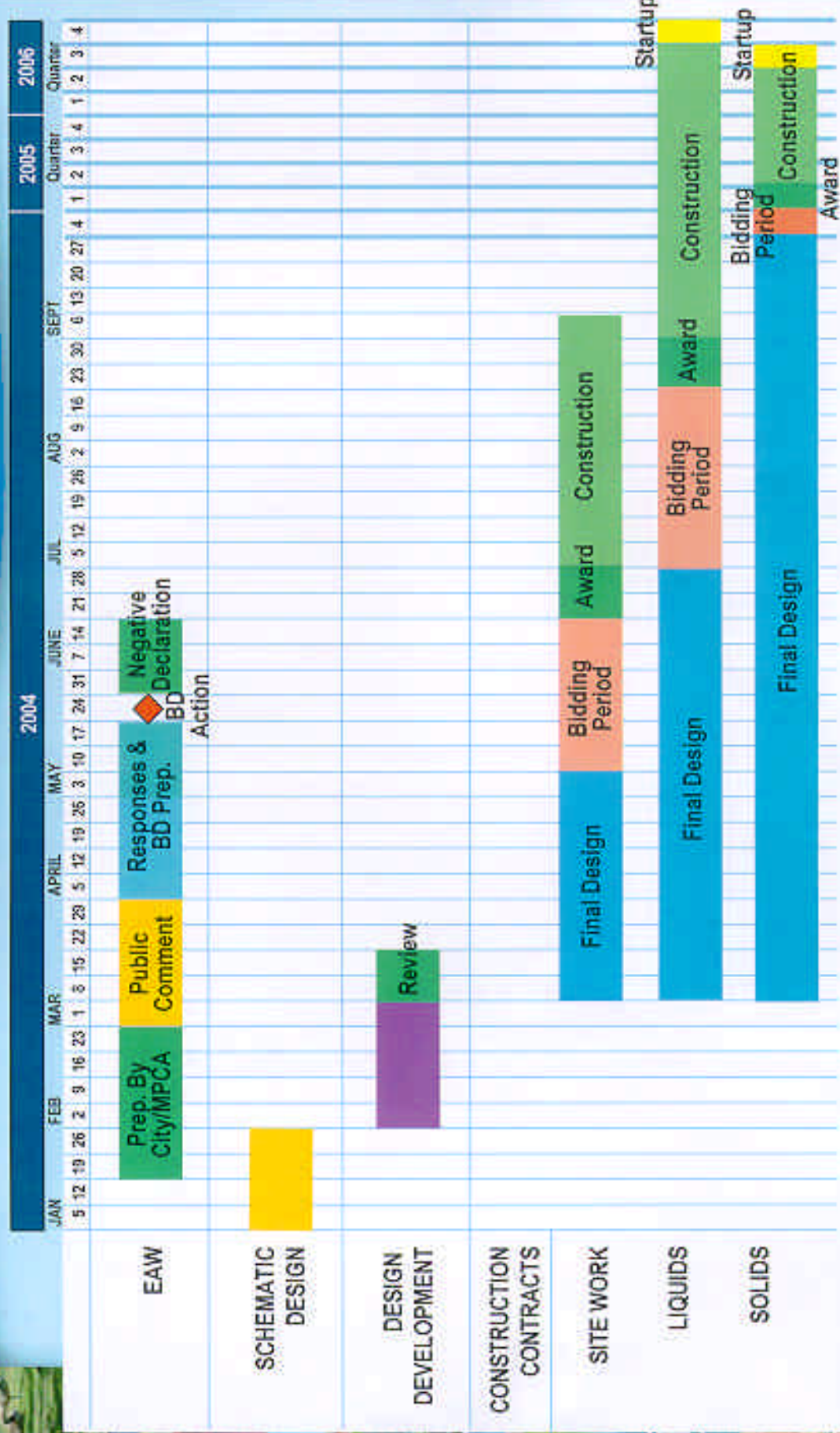
As a result of the preliminary facility planning, preliminary engineering and a Value Engineering Study, we now have more specific information regarding the estimated costs of construction and operation of the Water Reclamation Plant necessary to conduct the Sewer Utility Rate Study. The preliminary WRP Expansion Project cost is estimated at approximately \$44M and the cost of WRP Upgrades/Replacements Project is estimated at \$25M. The capital (and bond interest) costs of the upgrades/replacements to the existing plant will be a cost recovered through increased sewer rates. The capital (and bond interest) cost of expansion of the WRP can be recovered through increased sewer rates, or as a Connection Charge collected from new development at the time of connection, or some combination of the two methods. The Sewer Utility Rate Study will analyze the Incremental Growth-Related Cost Method for establishing Connection Charges.

A preliminary report on sewer rate impacts and/or Connection Charges attributable to the WRP Expansion and Upgrades/Replacements Projects will be provided to the City Council on 1/26/04.

**RECOMMENDATIONS:** It is imperative that the design and construction of WRP expansion (10-year growth period) continue at the accelerated schedule reflected in the attachment to this memorandum. A violation of the WRP's NPDES Discharge Permit will force MPCA to invoke sewer extension and sewer connection moratoriums. If moratoriums were imposed, then all new residential, commercial, and manufacturing growth would be stopped until the proposed WRP expansion was completed in late 2006.

Council approval on 12/15/03 of the Professional Services Agreements for Task Order No. 2 and Task Order No. 3 and the Sewer Utility Rate Study will help maintain the critical Project(s) schedule.

# Project Schedule



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